IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

INCOME TAX REFERENCE NO.186 OF 1998

The Commissioner of Income-tax ..Applicant.

V/s.

M/s.Indian Card Clothing Co.Ltd. ..Respondent.

Mr.A.S.Rao for applicant.

CORAM : V.C. DAGA AND J.P.DEVADHAR, JJ.

DATED : 15TH MARCH, 2005.

P.C. :-

1. In this reference, the question referred for the opinion of this Court reads as under :-

> " Whether, on the facts and in the circumstances of the case, the Tribunal was right in law in holding that provisions of sec.40(c) is applicable instead of section 40A(5) for the purpose of disallowance in respect of salary and perquisites the case of employee directors ? "

2. The above question has already been answered by the Division Bench of this Court in the case of **C.I.T. V/s. Hico Products Pvt.Ltd. (No.1) [(1993) 201 I.T.R. 567 (Bom.)** in favour of the assessee and against the revenue. In this view of the matter, question stands answered in affirmative for the reasons stated in the case of Hico Products (P) Ltd. Reference, accordingly stands disposed of with no order as to costs.

(V.C. DAGA, J.)

(J.P.DEVADHAR, J.)